

Debtors' Ex. 49

Disclaimers

PRELIMINARY - FOR DISCUSSION

The Financial Oversight and Management Board for Puerto Rico (the "Board") and Ernst & Young Puerto Rico LLC ("EY") have prepared this analysis based upon information and material supplied by the Board, Board advisors, the Government of Puerto Rico, and other publicly-available sources.

The nature and scope of EY's services were determined by the Board and are reflected in the Agreement between EY and the Board (the "Agreement"). EY's procedures were limited to the procedures requested by the Board and which are described in the Agreement. EY's work was performed only for the use and benefit of the Board and should not be used or relied on by anyone else. Other persons who read this analysis who are not a party to the Agreement do so at their own risk and are not entitled to rely on it for any purpose. EY does not assume any duty, obligation or responsibility whatsoever to any other parties that may obtain access to the analysis.

EY's services were advisory in nature. While EY's work in connection with this analysis EY did not render an assurance report or opinion under the Agreement, nor did EY's services constitute an audit, review, examination, forecast, projection or any other form of attestation as those terms are defined by the AICPA. None of the services EY provided constituted any legal opinion or advice. This analysis is not being issued in connection with any issuance of debt or other financing transaction.

The Board has the knowledge, experience and ability to form its own conclusions. Any assumptions, forecasts, projections, recommendations or conclusions contained in this analysis are solely those of the Board. The assumptions and data are consistent with those utilized by Milliman in preparation of the June 30, 2018, actuarial valuation reports with the following exceptions: Mortality projection has been updated to reflect the Society of Actuaries 2020-O2 projection scale and ERS System 2000 participants were removed based on our understanding of the agreement reached with AFSCME (the upfront \$1.5B cash cost of the settlement is not included in the projections). Administrative costs are set equal to the \$68.033M preliminarily requested by ERS, less the \$16.895M Budgetary Reserve for Title III fees. Future administrative expenses are assumed to increase with fiscal plan levels of inflation, with a cap at 5% of total benefit payments, prior to cuts. Early retirement window payments made out of payroll, such as law 70 and 211 payments prior to retirement eligibility, are not included in the projected costs.

In assisting in the preparation of this analysis, EY relied on information and underlying data provided by the Board, Board advisors, the Government of Puerto Rico, Milliman, or publicly-available resources, and such information was presumed to be current, accurate and complete. EY has not conducted an independent assessment or verification of the completeness, accuracy or validity of the information obtained. Consequently, EY provides no assurance of any kind with respect to, or on, the information presented.

There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material. As a result, no assurance regarding the achievement of forecasted results is provided, and reliance should not be placed on any forecasted results or projects contained herein as such information is subject to material change and may not reflect actual results. EY takes no responsibility for the achievement of projected results.

This summary data and related discussions are confidential and entitled to the protection of Rule 408 of the Federal Rules of Evidence and any other applicable statutes or doctrines protecting the use or disclosure of confidential information or settlement discussions.

The accuracy of the calculations is dependent on the accuracy of the underlying data and the choice of assumptions shown in the following exhibit. Changes to these items could materially impact the results shown. An assessment of the potential range and effect of such differences is beyond the scope of this analysis. In addition, each assumption was prescribed by the Board and we were unable to review these assumptions for reasonableness.

This information relies on data for plan participants as of July 1, 2017 provided by Milliman, adjusted for known TRS raises and teacher and police compensation measures provided by McKinsey as of March 26, 2021. This information is also based on assumptions and summary of plan provisions in the June 30, 2017 Actuarial Valuation Reports as provided by Milliman. Based on conversations with Milliman pertaining to the assumptions, we understand these to be consistent with those to be communicated in the June 30, 2018 report. The provisions of the TRS and JRS freeze and the cut are based on those outlined in the most recent Plan of Adjustment. The accuracy of the calculations is dependent on the accuracy of the underlying data and completeness of the underlying information, including the development and assessment of demographic assumptions that are derived from plan experience. As new data becomes available, the appropriateness of the assumptions used will be continually evaluated for new and contrary evidence.

Disclaimers

PRELIMINARY - FOR DISCUSSION

Social Security payroll detail for police, education measures, and fiscal plan inflation are supplied by McKinsey. FY21 pay data utilized to isolate payroll of participants not yet covered in Social Security was provided in the January 2021 PRDE roster by the FOMB.

TRS experience data was provided by the Retirement Board for the period spanning 7/1/2017 - 12/31/2020 including active death benefits paid, contribution refunds, and new retirements. The 7/1/2017 active TRS data was adjusted to reflect this experience, as well as known pay increases for teachers in 2019 and 2020.

Projections reflect Milliman-developed future retirement/withdrawal rates which are based on plan specific experience studies, modified to delay decrements at ages where participants are not entitled to a benefit. Actual decrement patterns in the future may vary further due to changes to plan provisions or other events that would impact employer behaviors.

We are currently basing our analysis on data as of July 1, 2017 that was received from Milliman, with the exception of the adjustments noted above. A fair amount of time has elapsed since July 1, 2017. Actuarial standards of practice (ASOPs) allow for rolling forward of data based on standard actuarial practices and rules of thumb, assuming that the data is considered to be materially consistent throughout the projection period. Even with clean data, the ASOPs indicate that sufficiently current data should be used for the measurement. Longer periods in which data is rolled forward introduce greater variability in the accuracy of the roll-forward. We were instructed by the Board to use the census data utilized in this analysis. Based on discussions with the Board, given some of the data limitations that the systems have and on-going clean-up taking place, we understand that each year there can be significant fluctuations in the census data, which would call into question the appropriateness of a rollforward period. As such we have relied on the preliminary FY 2022 budget for projected costs in FY 2022, with the difference between the budgeted amounts and the actuarially determined projected costs being smoothed over a 5 year period.

We understand that many of the aspects of the fiscal plan are estimates based on the best information available and that actual experience may differ from assumed. We are using the most current data available to use for our analysis and therefore it represents our current best estimate. However, updated census data will most likely produce difference results from our current projections, although how different is hard to assess. Some examples of data limitations are:

- Milliman includes a load to its census data as a placeholder for obligations for individuals who are terminated and are vested in a benefit payable in the future. As these individuals come forward and commence their benefits, Milliman trues up their liabilities at that time.
- Generally, there are different gaps in different records due to information being missing for various reasons.

AFT estimated deal costs include: Providing optional Social Security to teachers over 45, retaining retirement eligibility over age 50 or within 3 years of attaining eligibility at the Freeze date (those not meeting the requirement retain eligibility but receive a 7% per year early retirement reduction), increasing the pension multiplier to 2% upon reaching 30 years of service (and exempting the increase from the cut if the original pension was below the threshold), and delaying the freeze by 6 months. The pension projected costs do not include any cash bonus payments or increase in medical costs resulting from the agreement. Pension costs are derived as utilized in deal negotiations and have not been fully updated for 2021 fiscal plan assumptions.

Sheva Levy is a member of the Society of Actuaries and other professional actuarial organizations and meets the "General Qualification Standard for Prescribed Statements of Actuarial Opinions" relating to pension plans. The post freeze and cut paygo projections rely upon plan provisions, plan assumptions and plan participant data received and will be impacted by the accuracy and completeness of the underlying information. Other than industry updates to mortality projection scales, these results are based on the June 30, 2017 actuarial assumptions and plan provisions used by Milliman, adjusted for provisions of the Plan of Adjustment released on March 8, 2021.

Puerto Rico FOMB Fiscal Plan, March 30, 2021

Retirement system build-up

Fiscal year ending June 30 (\$ in millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Assumptions																
Portion attributable to FP employers	79.3%	79.4%	79.5%	79.7%	79.8%	80.0%	80.1%	80.2%	80.3%	80.4%	80.5%	80.6%	80.7%	80.8%	80.9%	81.0%
Build-up																
Total pension system cost																
Total benefit payments after segregation of ERS DC and TRS / JRS freeze																
ERS (Fiscal Plan Entities only)	(\$1,296.5)	(\$1,286.9)	(\$1,275.4)	(\$1,268.0)	(\$1,270.3)	(\$1,268.4)	(\$1,264.8)	(\$1,260.7)	(\$1,249.5)	(\$1,236.3)	(\$1,223.3)	(\$1,207.7)	(\$1,189.3)	(\$1,170.0)	(\$1,147.3)	(\$1,122.4)
TRS	(890.0)	(946.1)	(954.1)	(936.4)	(923.7)	(910.2)	(896.0)	(880.3)	(871.3)	(860.1)	(846.7)	(831.8)	(815.4)	(798.1)	(780.2)	(761.5)
JRS	(29.0)	(29.1)	(29.2)	(29.9)	(31.0)	(31.4)	(31.6)	(31.6)	(31.2)	(30.8)	(30.4)	(29.9)	(29.1)	(28.4)	(27.7)	(27.0)
Total	(\$2,215.5)	(\$2,262.2)	(\$2,258.7)	(\$2,234.3)	(\$2,225.0)	(\$2,210.1)	(\$2,192.4)	(\$2,172.5)	(\$2,152.0)	(\$2,127.2)	(\$2,100.4)	(\$2,069.3)	(\$2,033.8)	(\$1,996.5)	(\$1,955.2)	(\$1,910.9)
Pension administrative costs																
ERS (Fiscal Plan entities only plus munis)	(\$66.8)	(\$66.8)	(\$29.0)	(\$29.5)	(\$30.1)	(\$30.6)	(\$31.2)	(\$31.8)	(\$32.2)	(\$32.7)	(\$33.3)	(\$33.8)	(\$34.4)	(\$35.0)	(\$35.6)	(\$36.2)
TRS	—	—	(\$18.7)	(\$18.9)	(\$19.0)	(\$19.2)	(\$19.3)	(\$19.5)	(\$19.8)	(\$20.0)	(\$20.3)	(\$20.5)	(\$20.8)	(\$21.1)	(\$21.4)	(\$21.7)
JRS	—	—	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)
Total	(\$66.8)	(\$66.8)	(\$48.3)	(\$49.0)	(\$49.7)	(\$50.4)	(\$51.2)	(\$51.9)	(\$52.7)	(\$53.5)	(\$54.3)	(\$55.1)	(\$56.0)	(\$56.9)	(\$57.7)	(\$58.7)
Total pension requirements	(\$2,282.3)	(\$2,329.0)	(\$2,307.0)	(\$2,283.3)	(\$2,274.7)	(\$2,260.5)	(\$2,243.6)	(\$2,224.5)	(\$2,204.7)	(\$2,180.7)	(\$2,154.7)	(\$2,124.4)	(\$2,089.8)	(\$2,053.4)	(\$2,012.9)	(\$1,969.5)
Net pension requirements	(\$2,282.3)	(\$2,329.0)	(\$2,307.0)	(\$2,283.3)	(\$2,274.7)	(\$2,260.5)	(\$2,243.6)	(\$2,224.5)	(\$2,204.7)	(\$2,180.7)	(\$2,154.7)	(\$2,124.4)	(\$2,089.8)	(\$2,053.4)	(\$2,012.9)	(\$1,969.5)
Paygo contribution calculation																
Asset sales																
ERS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Less: ERS asset sales for municipalities and other public corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ERS - FP Only	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TRS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
JRS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total paygo (incl. special approp. ex Law 70, Law 211, portion of pay)	(\$2,282.3)	(\$2,329.0)	(\$2,307.0)	(\$2,283.3)	(\$2,274.7)	(\$2,260.5)	(\$2,243.6)	(\$2,224.5)	(\$2,204.7)	(\$2,180.7)	(\$2,154.7)	(\$2,124.4)	(\$2,089.8)	(\$2,053.4)	(\$2,012.9)	(\$1,969.5)
Freeze on TRS / JRS - Paygo Impact based on POA provisions assumed to occur on 1/1/2022	—	—	\$0.5	\$1.9	\$6.1	\$11.7	\$19.3	\$29.4	\$40.3	\$52.9	\$68.9	\$87.7	\$110.4	\$136.2	\$161.0	\$183.5
Total paygo, excluding effect of TRS / JRS freeze	(\$2,282.3)	(\$2,329.0)	(\$2,307.5)	(\$2,285.2)	(\$2,280.8)	(\$2,272.2)	(\$2,262.8)	(\$2,253.9)	(\$2,245.0)	(\$2,233.5)	(\$2,223.7)	(\$2,212.1)	(\$2,200.2)	(\$2,189.6)	(\$2,173.9)	(\$2,153.0)
Pension measures																
Social Security employer contributions																
New Hire Social Security (TRS, JRS combined - beginning as of 1/1/2022)	—	—	(\$0.9)	(\$3.1)	(\$5.3)	(\$6.2)	(\$7.3)	(\$8.4)	(\$9.7)	(\$10.9)	(\$12.0)	(\$13.2)	(\$14.3)	(\$15.5)	(\$16.8)	(\$18.3)
Under 45 Social Security (TRS, JRS combined - beginning as of 1/1/2022)	—	—	(9.1)	(18.2)	(18.1)	(18.6)	(19.2)	(19.7)	(20.3)	(20.8)	(21.4)	(21.9)	(22.5)	(23.0)	(23.6)	(24.1)
All police Social Security	(18.7)	(35.8)	(34.8)	(34.4)	(34.5)	(35.0)	(35.5)	(36.0)	(36.6)	(37.1)	(37.7)	(38.3)	(38.9)	(39.5)	(40.1)	(40.7)
Social Security contributions	(\$18.7)	(\$35.8)	(\$44.8)	(\$55.7)	(\$57.8)	(\$59.8)	(\$61.9)	(\$64.1)	(\$66.5)	(\$68.9)	(\$71.1)	(\$73.4)	(\$75.7)	(\$78.0)	(\$80.5)	(\$83.1)
Freeze on TRS / JRS - Paygo Impact based on POA provisions assumed to occur on 1/1/2022	—	—	\$0.5	\$1.9	\$6.1	\$11.7	\$19.3	\$29.4	\$40.3	\$52.9	\$68.9	\$87.7	\$110.4	\$136.2	\$161.0	\$183.5
COR cut agreement (7/1/2022, 8.5% with a \$1,500 threshold)	—	—	—	\$90.0	\$89.9	\$89.4	\$88.6	\$87.8	\$86.7	\$85.5	\$84.3	\$82.9	\$81.3	\$79.6	\$77.7	\$75.6
All-In Retirement Spend (excluding current Social Security)	(\$2,301.06)	(\$2,364.83)	(\$2,351.76)	(\$2,249.05)	(\$2,242.65)	(\$2,230.93)	(\$2,216.84)	(\$2,200.87)	(\$2,184.48)	(\$2,164.01)	(\$2,141.60)	(\$2,114.96)	(\$2,084.14)	(\$2,051.79)	(\$2,015.74)	(\$1,977.03)
Additional ERS PayGo associated to Non FP entities	(\$353.21)	(\$334.69)	(\$322.67)	(\$307.26)	(\$307.00)	(\$305.66)	(\$306.93)	(\$302.96)	(\$298.07)	(\$292.99)	(\$288.10)	(\$282.99)	(\$277.27)	(\$271.62)	(\$265.06)	(\$258.18)
Muni Costs (PayGo payments only)	(\$191.61)	(\$166.00)	(\$163.72)	(\$160.01)	(\$163.03)	(\$165.36)	(\$167.74)	(\$170.20)	(\$167.51)	(\$164.84)	(\$162.20)	(\$159.48)	(\$156.13)	(\$152.89)	(\$149.06)	(\$145.25)
AFT deal preliminary impact, not included above	\$0.00	\$0.00	(\$9.31)	(\$19.03)	(\$21.61)	(\$24.81)	(\$28.38)	(\$31.96)	(\$36.28)	(\$41.33)	(\$46.73)	(\$52.81)	(\$58.85)	(\$63.76)	(\$67.09)	(\$68.49)

This information was provided to FOMB/McKinsey on 3/30/21. The accuracy of these calculations is dependent on the accuracy of the underlying data and the choice of assumptions shown in the following exhibit. Changes to these items could materially impact the results shown. An assessment of the potential range and effect of such differences is beyond the scope of this analysis. In addition, each assumption was prescribed by the Board and we were unable to review these assumptions for reasonableness.

These results do not constitute an audit opinion or legal advice. All assumptions, forecasts, projections, recommendations, conclusions, or opinions in this document are solely those of the Financial Oversight and Management Board. Please refer to limitations and restrictions explained in the Disclaimer. EY's work was performed only for the use and benefit of the Board and should not be used or relied on by other parties. Other persons who receive this information do so at their own risk and are not entitled to rely on it for any purpose. EY does not assume any duty, obligation or responsibility whatsoever to any other parties that may obtain access to these projections.

Puerto Rico FOMB Fiscal Plan, March 30, 2021

Retirement system build-up

Fiscal year ending June 30 (\$ in millions)	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Assumptions																
Portion attributable to FP employers	81.0%	81.1%	81.2%	81.3%	81.4%	81.5%	81.6%	81.7%	81.8%	81.9%	82.0%	82.1%	82.2%	82.3%	82.4%	82.6%
Build-up																
Total pension system cost																
Total benefit payments after segregation of ERS DC and TRS / JRS freeze																
ERS (Fiscal Plan Entities only)	(\$1,095.6)	(\$1,064.8)	(\$1,030.4)	(\$993.4)	(\$952.6)	(\$909.5)	(\$865.4)	(\$819.0)	(\$771.4)	(\$723.9)	(\$676.1)	(\$628.9)	(\$583.1)	(\$538.1)	(\$494.6)	(\$453.0)
TRS	(742.2)	(722.4)	(702.0)	(681.1)	(659.6)	(637.3)	(614.2)	(590.0)	(564.8)	(538.7)	(511.9)	(484.6)	(457.0)	(429.4)	(401.9)	(374.6)
JRS	(26.4)	(25.7)	(25.0)	(24.0)	(23.1)	(22.2)	(21.4)	(20.5)	(19.5)	(18.5)	(17.5)	(16.5)	(15.5)	(14.6)	(13.7)	(12.7)
Total	(\$1,864.2)	(\$1,812.8)	(\$1,757.3)	(\$1,698.4)	(\$1,635.3)	(\$1,569.1)	(\$1,501.0)	(\$1,429.5)	(\$1,355.6)	(\$1,281.1)	(\$1,205.5)	(\$1,130.0)	(\$1,055.7)	(\$982.1)	(\$910.1)	(\$840.4)
Pension administrative costs																
ERS (Fiscal Plan entities only plus munis)	(\$36.8)	(\$37.4)	(\$38.0)	(\$38.7)	(\$39.3)	(\$39.9)	(\$40.5)	(\$41.1)	(\$41.7)	(\$40.8)	(\$38.0)	(\$35.4)	(\$32.8)	(\$30.2)	(\$27.8)	(\$25.4)
TRS	(22.0)	(22.4)	(22.9)	(23.5)	(24.1)	(24.8)	(25.5)	(26.3)	(27.1)	(26.9)	(25.6)	(24.2)	(22.9)	(21.5)	(20.1)	(18.7)
JRS	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.8)	(0.8)	(0.7)	(0.7)	(0.6)
Total	(\$59.6)	(\$60.6)	(\$61.7)	(\$63.0)	(\$64.3)	(\$65.6)	(\$66.9)	(\$68.3)	(\$69.7)	(\$68.6)	(\$64.5)	(\$60.4)	(\$56.4)	(\$52.4)	(\$48.5)	(\$44.8)
Total pension requirements	(\$1,923.8)	(\$1,873.5)	(\$1,819.0)	(\$1,761.4)	(\$1,699.6)	(\$1,634.7)	(\$1,567.9)	(\$1,497.8)	(\$1,425.4)	(\$1,349.7)	(\$1,270.0)	(\$1,190.4)	(\$1,112.1)	(\$1,034.5)	(\$958.6)	(\$885.1)
Net pension requirements	(\$1,923.8)	(\$1,873.5)	(\$1,819.0)	(\$1,761.4)	(\$1,699.6)	(\$1,634.7)	(\$1,567.9)	(\$1,497.8)	(\$1,425.4)	(\$1,349.7)	(\$1,270.0)	(\$1,190.4)	(\$1,112.1)	(\$1,034.5)	(\$958.6)	(\$885.1)
Paygo contribution calculation																
Asset sales																
ERS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Less: ERS asset sales for municipalities and other public corporations	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ERS - FP Only	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
TRS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
JRS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total paygo (incl. special approp. ex Law 70, Law 211, portion of p	(\$1,923.8)	(\$1,873.5)	(\$1,819.0)	(\$1,761.4)	(\$1,699.6)	(\$1,634.7)	(\$1,567.9)	(\$1,497.8)	(\$1,425.4)	(\$1,349.7)	(\$1,270.0)	(\$1,190.4)	(\$1,112.1)	(\$1,034.5)	(\$958.6)	(\$885.1)
Freeze on TRS / JRS - Paygo Impact based on POA provisions assumed to occur on 1/1/2022	\$204.5	\$222.2	\$237.1	\$251.3	\$263.8	\$275.5	\$288.1	\$298.1	\$307.4	\$319.0	\$325.9	\$331.1	\$333.9	\$333.3	\$331.4	\$327.9
Total paygo, excluding effect of TRS / JRS freeze	(\$2,128.3)	(\$2,095.7)	(\$2,056.1)	(\$2,012.6)	(\$1,963.3)	(\$1,910.1)	(\$1,856.0)	(\$1,796.0)	(\$1,732.8)	(\$1,668.6)	(\$1,595.9)	(\$1,521.6)	(\$1,446.0)	(\$1,367.8)	(\$1,290.0)	(\$1,213.1)
Pension measures																
Social Security employer contributions																
New Hire Social Security (TRS, JRS combined - beginning as of 1/1/2022)	(\$19.9)	(\$21.7)	(\$23.8)	(\$26.1)	(\$28.7)	(\$31.5)	(\$34.8)	(\$38.4)	(\$41.8)	(\$44.7)	(\$48.0)	(\$51.4)	(\$54.9)	(\$58.6)	(\$62.2)	(\$65.8)
Under 45 Social Security (TRS, JRS combined - beginning as of 1/1/2022)	(24.7)	(25.3)	(25.8)	(26.4)	(27.0)	(27.6)	(27.3)	(26.3)	(25.0)	(23.3)	(21.4)	(19.3)	(17.1)	(14.8)	(12.6)	(10.4)
All police Social Security	(41.3)	(42.0)	(42.6)	(43.4)	(44.3)	(45.1)	(46.0)	(46.8)	(47.7)	(48.6)	(49.5)	(50.5)	(51.4)	(52.4)	(53.4)	(54.4)
Social Security contributions	(\$85.9)	(\$88.9)	(\$92.2)	(\$96.0)	(\$100.0)	(\$104.2)	(\$108.0)	(\$111.5)	(\$114.4)	(\$116.6)	(\$118.9)	(\$121.1)	(\$123.5)	(\$125.8)	(\$128.2)	(\$130.6)
Freeze on TRS / JRS - Paygo Impact based on POA provisions assumed to occur on 1/1/2022	\$204.5	\$222.2	\$237.1	\$251.3	\$263.8	\$275.5	\$288.1	\$298.1	\$307.4	\$319.0	\$325.9	\$331.1	\$333.9	\$333.3	\$331.4	\$327.9
COR cut agreement (7/1/2022, 8.5% with a \$1,500 threshold)	\$73.3	\$70.9	\$68.3	\$65.5	\$62.6	\$59.5	\$56.4	\$53.2	\$49.9	\$46.6	\$43.3	\$39.9	\$36.6	\$33.4	\$30.3	\$27.3
All-In Retirement Spend (excluding current Social Security)	(\$1,936.39)	(\$1,891.52)	(\$1,843.01)	(\$1,791.89)	(\$1,737.00)	(\$1,679.37)	(\$1,619.54)	(\$1,556.15)	(\$1,489.88)	(\$1,419.72)	(\$1,345.64)	(\$1,271.62)	(\$1,198.93)	(\$1,126.92)	(\$1,056.55)	(\$988.51)
Additional ERS PayGo associated to Non FP entities	(\$251.02)	(\$242.76)	(\$233.78)	(\$224.35)	(\$214.12)	(\$203.35)	(\$192.52)	(\$181.22)	(\$169.94)	(\$158.71)	(\$147.27)	(\$136.05)	(\$125.25)	(\$114.65)	(\$104.44)	(\$94.77)
Muni Costs (PayGo payments only)	(\$141.16)	(\$136.63)	(\$131.62)	(\$126.39)	(\$120.68)	(\$114.62)	(\$108.55)	(\$102.16)	(\$95.80)	(\$89.53)	(\$83.21)	(\$77.02)	(\$71.06)	(\$65.23)	(\$59.61)	(\$54.30)
AFT deal preliminary impact, not included above	(\$68.03)	(\$65.94)	(\$62.37)	(\$57.63)	(\$52.48)	(\$47.04)	(\$41.55)	(\$36.33)	(\$31.53)	(\$27.16)	(\$23.12)	(\$19.31)	(\$15.73)	(\$12.42)	(\$9.96)	(\$7.21)

This information was provided to FOMB/McKinsey on 3/30/21. The accuracy of these calculations is dependent on the accuracy of the underlying data and the choice of assumptions shown in the following exhibit. Changes to these items could materially impact the results shown. An assessment of the potential range and effect of such differences is beyond the scope of this analysis. In addition, each assumption was prescribed by the Board and we were unable to review these assumptions for reasonableness.

These results do not constitute an audit opinion or legal advice. All assumptions, forecasts, projections, recommendations, conclusions, or opinions in this document are solely those of the Financial Oversight and Management Board. Please refer to limitations and restrictions explained in the Disclaimer. EY's work was performed only for the use and benefit of the Board and should not be used or relied on by other parties. Other persons who receive this information do so at their own risk and are not entitled to rely on it for any purpose. EY does not assume any duty, obligation or responsibility whatsoever to any other parties that may obtain access to these projections.

Summary information sources for annual PayGo costs included in costs provided to McKinsey for incorporation into April 2021 Commonwealth certified fiscal plan

PRELIMINARY - FOR DISCUSSION

The accuracy of the calculations is dependent on the accuracy of the underlying data and the choice of assumptions, the sources for which are described below. Changes to these items could materially impact the results shown. An assessment of the potential range and effect of such differences is beyond the scope of this analysis. In addition, each assumption was prescribed by the Board and we were unable to review these assumptions for reasonableness.

Item	Assumptions and inputs	Source	File name(s)
1	July 1, 2017 census data, including date of birth, status, gender and benefit/bonus information ¹	ERS census data as of 7/1/2017 from Milliman (received in connection with NDA)	'PRGERS_July.1.2017.ParticipantData_forJune.30.2018.Valuation.xlsm'
		TRS census data as of 7/1/2017 from Milliman (received in connection with NDA)	'PRJRS_July12017ParticipantData_forJune302018Valuation.xlsm'
		JRS census data as of 7/1/2017 from Milliman (received in connection with NDA)	'PRTRS_July12017ParticipantData_forJune302018Valuation_forPRTRS.xlsm'
2	Information on TRS status changes through December 1, 2020	TRS experience data through January 2021 provided by Retirement Board	'Benefits and Refunds FY 2018 to FY 2021 (Jan 2021).xlsx'
		TRS experience data through February 2021 provided by Retirement Board	'Refunds of Contribution FY 2018 to FY 2021 (Feb 2021) (1).xlsx'
		TRS paygo file as of December 2020	'TRS PAY GO EXPENSE DEC 2020.xlsx'
3	Compensation increase assumption for TRS participants	Milliman June 30, 2017 report	'PRGTRS_Val_June302017.pdf'
		TRS known increases of \$1,500 and \$500 in 2019 and 2020, respectively	N/A
4	Compensation increase assumption for ERS participants	Milliman June 30, 2017 report	'PRGERS_Val_June302017.pdf'
5	Compensation increase assumption for JRS participants	Milliman June 30, 2017 report	'PRGJRS_Val_June302017.pdf'
6	Provisions of benefits provided under ERS	Summarized by Milliman in June 30, 2017 report, see also Act 106-2017, and applicable benefit law as noted in the report	'PRGERS_Val_June302017.pdf'
7	Provisions of of benefits provided under TRS	Summarized by Milliman in June 30, 2017 report, see also act 106-2017, and applicable benefit law as noted in the report	'PRGTRS_Val_June302017.pdf'
8	Provisions of of benefits provided under JRS	Summarized by Milliman in June 30, 2017 report, see also act 106-2017, and applicable benefit law as noted in the report	'PRGTRS_Val_June302017.pdf'
9	Percent of deaths assumed occupational for 127 eligible participants	Milliman June 30, 2017 reports	Milliman reports ²
10	Medical Insurance Plan participation rate	Milliman June 30, 2017 reports	Milliman reports ²
11	Hybrid account annuitization assumptions	Milliman June 30, 2017 reports	Milliman reports ²
12	TRS service purchase rates	Milliman June 30, 2017 reports	'PRGTRS_Val_June302017.pdf'
13	ERS Law 447 load for missing data	Milliman June 30, 2017 reports	'PRGERS_Val_June302017.pdf'
14	Turnover rates (if not retirement eligible)	Milliman June 30, 2017 reports	Milliman reports ²
15	Retirement rates	Milliman June 30, 2017 reports	Milliman reports ²
		TRS VTP retirements assumed prior to first projected cash flow, consistent with Milliman letter	ltr201902_AAFAP_TRSprojection.pdf'
16	Disability incidence	Milliman June 30, 2017 reports	Milliman reports ²

¹ Excludes costs payable through payroll related to Act 70-2010 and Act 211-2015 Voluntary Transition Programs (VTPs). Likely also excludes adjustments to benefit amounts captured in POA Class 55.

² Milliman reports collectively references 'PRGERS_Val_June302017.pdf', 'PRGTRS_Val_June302017.pdf', and 'PRGJRS_Val_June302017.pdf'

Summary information sources for annual PayGo costs included in costs provided to McKinsey for incorporation into April 2021 Commonwealth certified fiscal plan

PRELIMINARY - FOR DISCUSSION

The accuracy of the calculations is dependent on the accuracy of the underlying data and the choice of assumptions, the sources for which are described below. Changes to these items could materially impact the results shown. An assessment of the potential range and effect of such differences is beyond the scope of this analysis. In addition, each assumption was prescribed by the Board and we were unable to review these assumptions for reasonableness.

Item	Assumptions and inputs	Source	File name(s)
17	Marriage	Milliman June 30, 2017 reports	Milliman reports ¹
18	Commencement dates for vested terminated members	Milliman June 30, 2017 reports	Milliman reports ¹
19	Form of payment	Milliman June 30, 2017 reports	Milliman reports ¹
20	Mortality base table (pre and post retirement, healthy and disabled)	Milliman June 30, 2017 reports	Milliman reports ¹
21	Mortality projection scale	O2-2020 projection scale as described on the SOA website	https://www.soa.org/resources/experience-studies/2020/mortality-improvement-scale-mp-2020/
22	Provisions of TRS / JRS freeze and benefit reduction formula	Plan of Adjustment filed on March 8	Documents - Financial Oversight and Management Board for Puerto Rico (pr.gov)
23	Load for missing terminated ERS participants	Milliman June 30, 2017 reports	Milliman reports ¹
24	Current salaries paid to TRS employees not receiving Social Security	TRS roster as of January 2021	TRS roster, January 2021
25	Commonwealth certified fiscal Plan measures applied to PRDE and police	Compensation measures file from McKinsey used for FICA contributions for Social Security coverage	'20200525 Education Public Safety Payroll Measures vEY SHARE_vUpdated2021_vf.xlsx'
26	Police projected compensation	Police build from McKinsey used for FICA contributions for Social Security coverage	'20200522 DRAFT Police Build vEY Share_vUpdated2021.xlsx'
27	Commonwealth certified fiscal Plan inflation levels	Police build from McKinsey used for FICA contributions for Social Security coverage	'20200522 DRAFT Police Build vEY Share_vUpdated2021.xlsx'
28	FY 22 Commonwealth budget	Preliminary budget levels proposed by Retirement Board and modified by the Board available as of date of analysis	TBD

¹ Milliman reports collectively references 'PRGERS_Val_June302017.pdf', 'PRGTRS_Val_June302017.pdf', and 'PRGJRS_Val_June302017.pdf'